

HERSETH SANDLIN VOTES TO REDUCE WASTE, FRAUD AND ABUSE OF TAXPAYER DOLLARS

Bill Eliminates \$98 Billion in Misused Taxpayer Funds – Heads to President for Signature

Washington, DC (July 14, 2010) - Today, U.S. Rep. Stephanie Herseth Sandlin helped pass legislation to eliminate \$98 billion in waste, fraud and abuse. The bill, the Improper Payments Elimination and Recovery Act, is a key part of the Blue Dog Blueprint for Fiscal Reform - a comprehensive plan to reduce the deficit, balance the budget and lay the groundwork for sound fiscal policies over the long term. As a leader of the fiscally responsible Blue Dogs, Rep. Herseth Sandlin has been central to this effort.

Rep. Herseth Sandlin said, "This bill will help save taxpayer money by cracking down on waste, fraud and abuse in government spending. Washington should live by the same rules that South Dakota families do – and that means honest, accurate and transparent accounting for taxpayer dollars. I'm proud to have helped lead the way in passing this bill, which will eliminate billions in spending - and I'm pleased that it's heading to the President for his signature."

In fiscal year 2009 \$98 billion was wasted away in improper payments. That's more than double the total budget for the Department of Homeland Security, for example. Improper payments occur when a federal agency pays too much or pays twice for a product or service. The Improper Payments Elimination and Recovery Act would help identify, reduce and eliminate improper payments, as well as recover lost funds that federal agencies have improperly disbursed. Specifically, the bill contains such provisions as increasing transparency by lowering the improper payment threshold for agencies, requiring agencies to develop action plans to avoid future waste, recovering overpayments, and holding agencies accountable. The Improper Payments Elimination and Recovery Act is the most recent piece of legislation in the Blue Dog Blueprint for Fiscal Reform. Key aspects of the Blueprint include statutory pay-as-you-go spending laws, which the President signed into law earlier this year, and the Fiscal Commission, which is scheduled to give its report to Congress in December. To read more about the Blueprint [click here](#).

The following provisions are included in the Improper Payments Elimination and Recovery Act:

Improving Transparency: The bill would lower the reporting threshold to improper payments over \$10 million and 1.5% of program payments; or those over \$100 million. This way more improper payments will be captured so Congress and the general public have a better picture of the problem we face.

Preventing Improper Payments: The bill would help prevent improper payments from happening in the first place by requiring agencies to report on their corrective action plans and the improper payment reduction targets they are using to address their payment error problems.

- Each agency will have to produce an appropriate estimate of the improper payments made by each susceptible program and activity, and a description of what they need within their own agency to prevent these improper payments from occurring in the future.
- Each fiscal year, OMB will submit a government-wide report on the state of improper payments and the actions taken by each agency to recover them.

Recovering Overpayments: Under current law, agencies are only required to seek to recover overpayments they make if they hand out more than \$500 million in payments to contractors each year. The bill would expand the use of recovery auditing by requiring that all agencies with outlays of more than \$1 million perform recovery audits on their programs and activities (where it makes fiscal sense to do so).

The head of each agency can conduct audits directly by utilizing other departments and agencies or by awarding contracts to private sector auditors.

Holding Agencies Accountable: Requires that agencies hold top managers accountable for their progress, or lack of progress, in addressing their improper payment problems. Each agency head will now be required to publish annually improper payments estimates for all applicable programs as well as reduction targets for those improper payments

###